



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: July 15, 2008 REPORT NO: 08-110
ATTENTION: Council President and City Council
Docket of July 28, 2008
SUBJECT: Tax Rate Ordinance for Fiscal Year 2009
REFERENCE:

REQUESTED ACTION:

Funding is appropriated in the Fiscal Year 2009 Budget for Public Safety Communication Bonds, \$2,332,273, and for Zoological Exhibits, \$9,679,780. Shall the City Council adopt an ordinance setting tax rates for Public Safety Communication Bonds and Zoological Exhibits?

STAFF RECOMMENDATION:

Adopt the Ordinance.

SUMMARY:

Public Safety Communications Bonds

On June 5, 1990, voters approved the issuance of \$25,500,000 of general obligation bonds for the Public Safety Communications Project. The project included new Police and Fire communication centers, new Police and Fire/Emergency Medical Services computer police field units and 800 megahertz radio systems. It is necessary to set a tax rate to provide sufficient funds to pay scheduled principal and annual interest payments on outstanding Public Safety Communications Bonds for capital improvements to be paid off in annual installments by Fiscal Year 2012.

Zoological Exhibits

The zoological exhibits in Balboa Park are financed from a fixed property tax levy of \$.02 per \$100 of assessed valuation mandated in the City Charter, Section 77A. Subsequent to the adoption of Charter section 77a, Section 135 of the California Revenue and Taxation Code changed the definition of assessed valuation to "full value" where it had previously been 25 percent of "full value." Pursuant to Section 135(d) of the California Revenue and Taxation Code, a conversion factor of one-fourth (1/4) is applied to the tax rate, which changes the rate to \$.005 for purposes of translating the Charter Section 77a tax rates to the new definition. This rate will be applied to taxable property assessed at full value (100%) for Fiscal Year 2008-2009. The following is a comparison of Fiscal Year 2008 and Fiscal Year 2009 tax rates:

Purpose	FY 2008 Per \$100 AV*	FY2009 Per \$100 AV*
Public Safety Communication Bonds (Fund 21640)	0.00119	0.00108
Zoological Exhibits (Fund 10222)	0.00500	0.00500

*Assessed Valuation

The tax rate for the Public Safety Communications Bond is being reduced as the proposed tax is applied to a higher base due to the increase in assessed valuations. Amounts derived from the tax levy will be used to pay scheduled principal and annual interest payments on the bonds.

The Zoological Exhibits tax rate remains unchanged consistent with City Charter Section 77A.

The Charter of San Diego, Section 75 requires that an annual Tax Levy be adopted by ordinance no later than the last day of August of each year.

FISCAL CONSIDERATIONS:

Funding is appropriated in the Fiscal Year 2009 Annual Budget for Public Safety Communication Bonds, \$2,332,273, and for Zoological Exhibits, \$9,679,780.

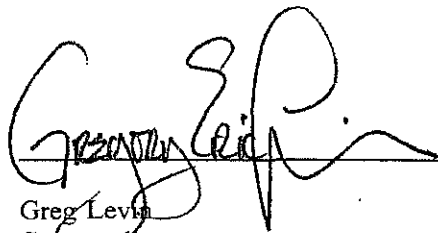
PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

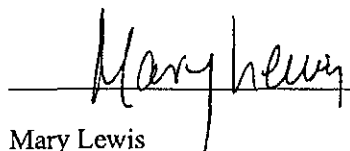
KEY STAKEHOLDERS AND PROJECTED IMPACTS: None



Nader Tirandazi
Financial Management Director



Greg Levin
Comptroller



Mary Lewis
Chief Financial Officer

000241

ZOOLOGICAL EXHIBITS - Fund #10222

Tax Rate Calculation for FY 2009

Assumption: 3.5% delinquency rate

Source: County's Preliminary Assessed Valuation Report Dated 07/09/08, Fund 6085-51

	FY 2009	FY 2008	FY 2007
UNSECURED			
1) Unsecured (Net Valuation) (pg 16166)	7,684,979,234	7,224,386,968	7,607,020,334
2) Redevelopment Unsecured (pg 16166)	(542,464,333)	(492,013,706)	(552,000,125)
3) Net Unsecured	7,142,514,901	6,732,373,262	7,055,020,209
4) Deduct 3.5% for Delinquency (Net Unsecured)	(249,988,022)	(235,633,064)	(246,925,707)
5) Unsecured Homeowners Exemption (pg 16166)	2,116,124	2,028,946	2,217,478
Unsec. HOE Redevelopment (+ Only) (Pg16264 & 16267)	(186,347)	(118,791)	(87,515)
Net Unsecured HOE	1,929,777	1,910,155	2,129,963
6) Total Unsecured (applicable to computation)	6,894,456,656	6,498,650,353	6,810,224,465
6a) Allowance for Roll Corrections (based on history) (-1.51%)	(104,106,296)	(118,925,301)	
6b) Net Total Unsecured (applicable to computation)	6,790,350,361	6,379,725,051	
7) Est. Revenue based on Tax Rate (.00500%)	339,518	318,986	340,511
SECURED			
1) Local Secured (Net Valuation) (pg 16166)	173,397,452,593	164,156,405,414	149,094,215,089
2) State Secured (pg. 16166)	70,765,656 ^a	85,054,348 ^a	0
3) Redevelopment Secured (pg. 16166)	(18,016,493,799)	(16,196,593,303)	(13,169,298,914)
4) Redevelopment Credits (Total Valuation, Sec. & State) (pg. 16264 & 16267)	(3,355,010)	(10,968,285)	(3,716,992)
5) Net Secured	155,448,369,440	148,033,898,174	135,921,199,183
6) Deduct 3.5% for Delinquency (Net Secured)	(5,440,692,930)	(5,181,186,436)	(4,757,241,971)
7) Secured Homeowners Exemption (pg. 16166)	1,533,193,667	1,522,520,032	1,511,421,346
8) Secured HOE Redevelopment (+ Only) (pg. 16258-16268)	(40,483,081)	(36,809,481)	(33,204,481)
9) Net Secured HOE	1,492,710,586	1,485,710,551	1,478,216,865
10) Total Secured (applicable to computation)	151,500,387,096	144,338,422,289	132,642,174,077
10a) Allowance for Roll Corrections (based on history) (-1.45%)	(2,196,755,613)	(2,598,091,601)	
10b) Net Total Secured (applicable to computation)	149,303,631,483	141,740,330,688	
Zoological Exhibit Budget (FY 2008)			
Secured (.00500%)	7,465,182	7,087,017	6,632,109
Unsecured (.00500%)	339,518	318,986	340,511
Supplemental Estimate (acct #71810)	133,000	186,000	186,000
Delinquent Secured (acct #'s 71210 & 71310)	72,000	43,000	37,000
FY 2008 Zoological Exhibits Liability	8,009,699	7,635,003	7,195,620
Prior Year Fund Balance	1,670,080	1,311,522	1,227,843
Total Zoological Exhibits Budget	9,679,780	8,946,525	8,423,463
Tax Rate	.00500%	.00500%	.00500%

^a State Secured Valuations will be used in computation per County's instructions.

000242

PUBLIC SAFETY G.O. BONDS - Fund #21640

Tax Rate Calculation for FY 2009

Assumption: 3.5% Delinquency Rate

Source: County's Preliminary Assessed Valuation Report Dated 07/09/08, Fund 6085-52

	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>
<u>UNSECURED</u>			
1) Unsecured - Net Valuation	7,684,979,234	7,224,386,968	7,599,034,147
2) Redevelopment - Unsecured	0	0	0
3) Net Unsecured	7,684,979,234	7,224,386,968	7,599,034,147
4) Deduct 3.5% for Delinquency (Net Unsecured)	(268,974,273)	(252,853,544)	(265,966,195)
5) Unsecured Homeowners Exemption	2,116,124	2,028,946	2,217,478
Unsec. HOE Redevelopment	0	0	0
Net Unsecured HOE	2,116,124	2,028,946	2,217,478
6) Total Unsecured (applicable to computation)	7,418,121,085	6,973,562,370	7,335,285,430
6a) Allowance for Roll Corrections (based on history) (-1.51%)	(112,013,628)	(127,616,191)	
6b) Net Total Unsecured (applicable to computation)	7,306,107,456	6,845,946,179	
7) Est. Revenue based on FY 2008 Tax Rate of .00119%	86,943	84,890	106,362
<u>SECURED</u>			
1) Local Secured (Net Valuation)	173,397,452,593	164,156,405,414	149,060,211,986
2) State Secured	70,765,656	85,054,348	0
3) Redevelopment Secured	0	0	0
4) Redevelopment Credits (Total Valuation, Sec. & State)	0	0	0
5) Net Secured	173,468,218,249	164,241,459,762	149,060,211,986
6) Deduct 3.5% for Delinquency (Net Secured)	(6,071,387,639)	(5,748,451,092)	(5,217,107,420)
7) Secured Homeowners Exemption	1,533,193,667	1,522,520,032	1,511,421,346
8) Secured HOE Redevelopment Credits	0	0	0
9) Secured HOE Redevelopment (+ Only)	0	0	0
10) Net Secured HOE	1,533,193,667	1,522,520,032	1,511,421,346
11) Total Secured (applicable to computation)	168,930,024,277	160,015,528,702	145,354,525,912
11a) Allowance for Roll Corrections (based on history) (-1.45%)	(2,449,485,352)	(2,880,279,517)	
11b) Net Total Secured (applicable to computation)	166,480,538,925	157,135,249,186	
Debt Service Liability			
Requirement Amount			
7/15/08	2,123,780	2,060,168	2,004,768
1/15/09	208,493	268,780	325,167
FY09 Debt Service Requirement	2,332,273	2,328,948	2,329,935
7/15/09 Cash needed for Debt Service Payment	2,183,492	2,123,780	2,060,168
Total Cash Required	4,515,765	4,452,728	4,390,103
Fund Balance (Cash Basis - Acct #8010)	(2,519,256)	(2,379,625)	(2,370,514)
Unsecured Revenue Estimate	(86,943)	(84,890)	(106,362)
Estimated Interest Earnings (acct #75111-751132)	(55,000)	(45,000)	(26,000)
Supplemental Estimate (acct #71810, Curr. Sec.)	(37,000)	(55,000)	(77,000)
Delinquent Secured (acct #s 71210 & 71310)	(22,000)	(17,000)	(15,000)
FY 2008 Public Safety Bond Liability	1,795,566	1,871,212	1,795,227
Tax Rate Required	0.001079%	0.001191%	0.001235%
	0.001079%	0.001191%	0.001235%

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO						1. CERTIFICATE NUMBER (FOR AUDITOR'S USE ONLY) <i>N/A</i>	
TO: CITY ATTORNEY		2. FROM (ORIGINATING DEPARTMENT): Department of Finance- Financial Management				3. DATE: July 15, 2008	
4. SUBJECT: <div style="text-align: center;">Fiscal Year 2009 Tax Rate Ordinance</div>							
5. PRIMARY CONTACT (NAME, PHONE, & MAIL STA.) Frank Visone 236.6882 MS 8A			6. SECONDARY CONTACT (NAME, PHONE, & MAIL STA.) Irina Kumits 235.5714 MS 8A			7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED <input checked="" type="checkbox"/>	
8. COMPLETE FOR ACCOUNTING PURPOSES							
FUND						9. ADDITIONAL INFORMATION / ESTIMATED COST: Sufficient funding is appropriated in the Fiscal Year 2009 budget. \$2,332,273 for the Public Safety Communication Bonds and \$9,679,780 for Zoological Exhibits.	
DEPT.							
ORGANIZATION							
OBJECT ACCOUNT							
JOB ORDER							
C.I.P. NUMBER							
AMOUNT							
10. ROUTING AND APPROVALS							
ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT/ FM (NADER TIRANDAZI)	<i>[Signature]</i>	7/16/08	8			
2	FINANCIAL MANAGEMENT	<i>[Signature]</i>	7/16/08	9			
3	COMPTROLLER	<i>[Signature]</i>	7/16/08	10			
4	LIAISON OFFICE	<i>[Signature]</i>	7/16/08	11			
5	CFO	<i>[Signature]</i>	7/16/08	DOCKET COORD: _____ COUNCIL LIAISON: <i>[Signature]</i> COUNCIL PRESIDENT <input checked="" type="checkbox"/> SPOB <input type="checkbox"/> CONSENT <input checked="" type="checkbox"/> ADOPTION <input type="checkbox"/> REFER TO: _____ COUNCIL DATE: 7/28			
6	CITY ATTORNEY	<i>[Signature]</i>	7/17/08				
7	ORIG. DEPT/ FM	<i>[Signature]</i>	7/17/08				
11. PREPARATION OF: <input type="checkbox"/> RESOLUTIONS <input checked="" type="checkbox"/> ORDINANCE(S) <input type="checkbox"/> AGREEMENT(S) <input type="checkbox"/> DEED(S)							
Setting the tax rates and levying taxes for Public Safety Communications Bonds and Zoological Exhibits for Fiscal Year 2009.							
11A. STAFF RECOMMENDATIONS: Adopt the tax rate ordinance							
12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.) <u>COUNCIL DISTRICT(S):</u> NONE WITH THIS ACTION <u>COMMUNITY AREA(S):</u> NONE WITH THIS ACTION <u>ENVIRONMENTAL IMPACT:</u> THIS ACTION IS EXEMPT FROM CEQA PURSUANT TO SECTION 15060 (C)(3) OF STATE CEQA GUIDELINES <u>HOUSING IMPACT:</u> NONE WITH THIS ACTION <u>OTHER ISSUES:</u> THE CITY CHARTER, SECTION 75, REQUIRES ADOPTION OF THE ORDINANCE NO LATER THAN THE LAST DAY OF AUGUST OF EACH YEAR.							

000244

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO						1. CERTIFICATE NUMBER (FOR AUDITOR'S USE ONLY) <i>N/A</i>	
TO: CITY ATTORNEY		2. FROM (ORIGINATING DEPARTMENT): Department of Finance- Financial Management				3. DATE: July 15, 2008	
4. SUBJECT: Fiscal Year 2009 Tax Rate Ordinance							
5. PRIMARY CONTACT (NAME, PHONE, & MAIL STA.) Frank Visone 236.6882 MS 8A			6. SECONDARY CONTACT (NAME, PHONE, & MAIL STA.) Irina Kumits 235.5714 MS 8A			7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED <input checked="" type="checkbox"/>	
8. COMPLETE FOR ACCOUNTING PURPOSES							
FUND					9. ADDITIONAL INFORMATION / ESTIMATED COST: Sufficient funding is appropriated in the Fiscal Year 2009 budget. \$2,332,273 for the Public Safety Communication Bonds and \$9,679,780 for Zoological Exhibits.		
DEPT.							
ORGANIZATION							
OBJECT ACCOUNT							
JOB ORDER							
C.I.P. NUMBER							
AMOUNT							
10. ROUTING AND APPROVALS							
ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT/ FM (NADER TIRANDAZI)	<i>[Signature]</i>	7/16/08	8			
2	FINANCIAL MANAGEMENT	<i>[Signature]</i>	7/16/08	9			
3	COMPTROLLER	<i>[Signature]</i>	7/16/08	10			
4	LIAISON OFFICE	<i>[Signature]</i>	7/16/08	11			
5	CFO			DOCKET COORD: _____ COUNCIL LIAISON: _____ <input checked="" type="checkbox"/> COUNCIL PRESIDENT <input type="checkbox"/> SPOB <input type="checkbox"/> CONSENT <input checked="" type="checkbox"/> ADOPTION <i>[Signature]</i> <input type="checkbox"/> REFER TO: _____ COUNCIL DATE: 7/28/08			
6	CITY ATTORNEY						
7	ORIG. DEPT/ FM						
11. PREPARATION OF: <input type="checkbox"/> RESOLUTIONS <input checked="" type="checkbox"/> ORDINANCE(S) <input type="checkbox"/> AGREEMENT(S) <input type="checkbox"/> DEED(S) Setting the tax rates and levying taxes for Public Safety Communications Bonds and Zoological Exhibits for Fiscal Year 2009.							
11A. STAFF RECOMMENDATIONS: Adopt the tax rate ordinance							
12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.) <u>COUNCIL DISTRICT(S):</u> NONE WITH THIS ACTION <u>COMMUNITY AREA(S):</u> NONE WITH THIS ACTION <u>ENVIRONMENTAL IMPACT:</u> THIS ACTION IS EXEMPT FROM CEQA PURSUANT TO SECTION 15060 (C)(3) OF STATE CEQA GUIDELINES <u>HOUSING IMPACT:</u> NONE WITH THIS ACTION <u>OTHER ISSUES:</u> THE CITY CHARTER, SECTION 75, REQUIRES ADOPTION OF THE ORDINANCE NO LATER THAN THE LAST DAY OF AUGUST OF EACH YEAR.							

ORDINANCE NUMBER O-_____ (NEW SERIES)

ADOPTED ON _____

AN ORDINANCE FIXING THE TAX RATES AND LEVYING
TAXES FOR THE FISCAL YEAR 2008-2009.

WHEREAS, Section 75 of the Charter of the City of San Diego requires an annual tax levy adopted by ordinance not later than the last day of August of each year; and

WHEREAS, Proposition 13 approved by the voters to be effective July 1, 1978 amended the State constitution by adding Article XIII A to limit the amount of ad valorem tax on real property; and

WHEREAS, as a result of Article XIII A and the adoption of state implementing legislation; the Charter provisions related to amount of tax and process of collection have been modified and superseded; and

WHEREAS, pursuant to Article XIII A and the accompanying state legislation, the annual tax levy is limited to those certain exceptions provided for in said Article XIII A and Section 93 of the California Revenue and Taxation Code; and

WHEREAS, pursuant to the above recited provisions of law, it is required that the County of San Diego levy the annual ad valorem property tax, on the full value of said property, except as otherwise provided therein, and distribute it to the public agencies and districts within the County; NOW THEREFORE

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. Pursuant to the provisions of Section 75 of the Charter of the City of San Diego, Article XIII A of the State Constitution and the state legislation adopted pursuant thereto, there is hereby fixed a rate of taxation of six hundred eight hundred-thousandths

(0.00608%), comprised of a tax rate of 0.00500% for the Zoological Exhibits and a tax rate of 0.00108% for the Public Safety Communications Bonds, on each one hundred dollars' valuation of taxable property (full value) within the City of San Diego for the Fiscal Year 2008-2009 and that the rate is hereby levied on all taxable property, both real and personal, in the City of San Diego. Included herein is the amount required to be levied by Section 77a of said Charter.

Section 2. An allowance of three and one-half percent (3.5%) for anticipated delinquencies in tax payments upon real property and improvements thereon and personal property secured, other than properties of public utilities, is hereby established.

Section 3. An allowance of one and fifty-one hundredths percent (1.51%) for roll corrections and assessment appeal reductions upon unsecured real property and improvements thereon and one and forty-five hundredths percent (1.45%) personal property secured, other than properties of public utilities, is hereby established.

Section 4. The rate is computed as follows:

TAX REQUIREMENTS FOR FISCAL YEAR 2008-2009 BUDGET

Fund Name (Number)	Fiscal Year 2008 - 2009 Expenditures	Less Fund Balance Available for FY2009 Budget	Less Delinquent Taxes and Intangibles	Less Unsecured	Total Tax for Secured Tax Levy	Secured Tax Rate on Each \$100 of Assessed Valuation
Zoological Exhibits Fund (10222)	\$9,679,780	\$1,670,080	\$205,000	\$339,518	\$7,465,182	^(a) 0.00500%
General Obligation Public Safety Communications Bond Interest & Redemption Fund (21640)	\$2,332,273	\$335,763	\$114,000	\$86,943	\$1,795,567	0.00108%
TOTAL	\$12,012,053	\$2,005,843	\$319,000	\$426,461	\$9,260,749	0.00608%

^(a) Section 77a of the City Charter requires a two-cent tax levy on each one hundred dollars (\$100.00) of assessed valuation. Subsequent to the adoption of

Charter section 77a, Section 135 of the California Revenue and Taxation Code changed the definition of assessed valuation to "full value" where it had previously been 25 percent of "full value." Pursuant to Section 135(d) of the California Revenue and Taxation Code a conversion factor of one-fourth ($\frac{1}{4}$) is applied to the tax rate for purposes of translating the Charter Section 77a tax rates to the new definition. This rate will be applied to taxable property assessed at full value (100%) for Fiscal Year 2008-2009.

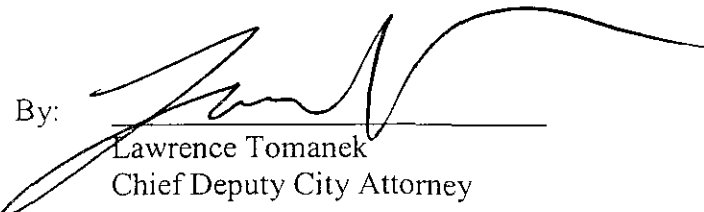
Section 5. The taxes hereby levied shall be due and payable and shall be collected at the same time and in the same manner as State and County taxes in the County of San Diego.

Section 6. That a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 7. This ordinance is declared to take effect immediately upon its passage, pursuant to the authority contained in Sections 16 and 17 of the Charter of the City of San Diego.

APPROVED: Michael J. Aguirre, City Attorney

By:



Lawrence Tomanek

Chief Deputy City Attorney

MN: mg

7/15/08

Aud. Cert: N/A

Or.Dept.: City Comptroller & Financial Management

O-2009-10



I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor